

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 4D, Lincoln, Nebraska

Minutes
September 10, 2015

Draft Minutes. Minutes are not approved until the next Board meeting.

Thursday, September 10, 2015

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:30 a.m. on Thursday, September 10, 2015 with Chair Bernie Gutschewski presiding. The roll was called with the following members present: Bernie Gutschewski, Lori Druse, Jan Glenn, Michele Stromp, Marcy Luth, Michael McClure, and Glen Waltemath. Member Thomas Purcell was absent. Also present were Executive Director Dan Sweetwood and Staff members Heather Myers, and Jo Lowe. Intern Lisa Steffensmeier was not present. The meeting was held at the Board Office, 1526 K Street, in Suite 4D, Lincoln, Nebraska. Chair Gutschewski noted the location of the notebook containing the Public Open Meeting Act, and asked if anyone present needed an agenda or had any questions regarding the law. Also present was Dan Vodvarka, Nebraska Society, Dan Dustin, NASBA Vice President for Board Relations, Ken Brauer, Nebraska Society of Independent Accountants, and Galen Meysenburg.
- B. Approval of Meeting Agenda for Thursday, September 10, 2015.** Moved by Druse, seconded by Glenn, to approve the agenda for the Thursday, September 10, 2015 meeting. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #1 carried.
- C. Approval of Minutes from July 16, 2015.** Moved by Waltemath, seconded by McClure, to approve the Board minutes from the July 16, 2015 meeting. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, and Waltemath voted aye. Member Glenn abstained. Member Purcell was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Dan Vodvarka, Nebraska Society President, gave an update of Society news including continued participation in Society offered CPE courses. He also reported, upon recommendation of the Society, Member Druse was reappointed to a second four year term to the Board by Governor Ricketts. It is anticipated a second recommendation will be approved soon. He also commented on ED Sweetwood's participation at a recent Society Leadership meeting including review of the rule drafts. A copy of the minutes from the meeting were later provided to the Board indicating some concern with the naming of specific standards within Chapter 13 of the proposed regulations. He indicated the notice of a rules hearing for public comment has been placed within their newsletter.

Galen Meysenburg was present and provided comments on the difficulty in private industry for experience verification to have "direct supervision" required for licensure at this time. Board members provided comment and asked questions of Mr. Meysenburg. Mr. Meysenburg had previously filed an application with the Board for an active permit to practice utilizing private company experience. The application was initially reviewed by the Licensing Committee of the

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Board on two separate occasions and later the Board indicating the application did not meet the supervision requirements within the Public Accountancy Act and Board regulations. A letter will be sent to Mr. Meysenburg thanking him for expressing his concerns to the Board and his options to file for a Declaratory Order within Chapter 12 of the regulations.

Hearing Officer Bernie Gutschewski opened the hearing at 9:00 am for Gary Richard's request to return his revoked certificate to good standing. Mr. Richard's Board issued certificate was administratively revoked by the Board on several occasions for not responding to correspondence from the Board over the years. Mr. Richard's addressed the Board and answered questions. The hearing closed at 9:10 am (see Section 10.B)

Hearing Officer Bernie Gutschewski opened the hearing at 9:12 am for Jessica Ward regarding her request for waiver of Stipulation & Consent Order fee of \$250 for failure to timely renew her active permit and missed deadlines. Ms. Ward indicated she mailed her renewal application and surmised she did not include postage on the letter. The hearing closed at 9:25 am (see Section 10.B)

Hearing Officer Bernie Gutschewski opened the hearing at 9:28 am for Agenda Item 5 C. Public Hearing for Revocation of Permits not renewed for three years. The hearing closed at 9:30 am.

Hearing Officer Bernie Gutschewski opened the hearing at 9:31 am Agenda Item 5 D. Public Hearing for Revocation of Inactive Registrations not renewed for three years. The hearing closed at 9:33.

Dan Dustin, NASBA Vice President for Board Relations, provided an update on national issues of interest to state boards. He noted the Nebraska Board is very active with NASBA and issues related to the profession. NASBA is willing to advocate for Boards on legislative issues, on all levels. He mentioned the Supreme Court decision involving the North Carolina Dental Board case. He overviewed NASBA initiatives including the Accountancy Licensing Database (ALD), the Accountancy Licensing Library (ALL), CPE Tracking, and other services. He discussed the recent Department of Labor ERISA Audit report and the planned response by NASBA and the AICPA. He also discussed recent areas to be covered by the Uniform Accountancy Act (UAA) Committee including the attest definition, firm mobility, and the Code of Conduct. He also commented that demographics show that fewer people are following the path into the profession.

Closed Session

Closed Session. Moved by Glenn, seconded by McClure, that the Board go into closed session at 10:13 a.m., on Thursday, September 10, 2015, for the purpose of discussing the Public Comment Hearings. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #3 carried.

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Return to Open Session. Moved by Druse, seconded by Luth, that the Board return to open session at 10:47 a.m., on Thursday, September 10, 2015. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #4 carried.

3. Consent Agenda

- A. **Published Notice of Meeting.** Moved by Glenn, seconded by Luth, to approve the consent agenda. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #5 carried.
- B. **Review of Disbursements for July and August 2015.** ED Sweetwood reviewed the FY 2015/2016 Budget that commenced July 1, 2015.
- C. **Review of Board Budget Status Report.** The current budget status report was provided and reviewed by ED Sweetwood with no significant expenses to report.
- D. **Office Licensing Report.** The Office Licensing Report was provided to the Board and was overviewed by Administrator Lowe.

4. Report of the Chair

- A. **Report of the Chair.** Chair Gutschewski reported.
- B. **Board Secretary Jan Glenn Recognition.** In recognition of Member Glenn's service to the Board, the resolution was entered into the minutes:

RESOLUTION

WHEREAS, Janeth A. Glenn, served as a Member of the Nebraska State Board of Public Accountancy from 2012 to 2015; and

WHEREAS, Janeth A. Glenn, during her term as Member of the Board, offered a public perspective using her financial background, exercised diligent review of issues with carefully calculated comments, displayed her cheerful attitude as a "team" player, and provided prepared and thoughtful review for the Licensing Committee and Education and Examination Committee, guided and directed the activities of the State Board as:

| | |
|-------------------|--------------------------------------------------------------------------------------------------------------------------|
| <i>2012-2013</i> | <i>Member of the Education and Examination Committee Member of the Licensing Committee</i> |
| <i>2013-2014</i> | <i>Secretary of the Board Chair of the Education and Examination Committee Member of the Licensing Committee</i> |
| <i>2014- 2015</i> | <i>Secretary of the Board Chair of the Education and Examination Committee Member of the Licensing Committee</i> |

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of Janeth A. Glenn by adopting the following Resolution:

BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to Janeth A. Glenn for her service as a Member of the Nebraska State Board of Public Accountancy.

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BE IT FURTHER RESOLVED, that a copy of this Resolution be incorporated into the minutes of the Board, and further that a copy of this Resolution be presented to her.

Adopted this 10th day of September 2015

by the Nebraska State Board of Public Accountancy

*Bernie Gutschewski, Chair
Nebraska State Board of Public Accountancy*

- C. Letter from Nebraska Attorney General RE: NC Dental Case.** Board members were provided a letter from Attorney General Peterson which provided recommendations and actions for all Nebraska regulatory boards to avoid based on the U.S. Supreme Court decision in the North Carolina dental case.
- D. 2015-2016 Committee Appointments.** Chair Gutschewski handed out Committee Assignments.
- E. Set future Board meeting dates.** Board meeting dates were set for 2016.
- F. Review Board Calendar.** The November Board meeting was scheduled for two days November 13 and 14 if needed.
- G. Report on To Do List.** There was no report on the To Do list at this time.

Closed Session

Closed Session. Moved by Stromp, seconded by Druse, that the Board go into closed session at 12:41 p.m., on Thursday, September 10, 2015, for the purpose of reviewing enforcement matters, and answering questions from a previous enforcement matter with the Board Attorney. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #6 carried.

Return to Open Session. Moved by Stromp, seconded by Glenn, that the Board return to open session at 1:01 p.m., on Thursday, September 10, 2015. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #7 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stromp gave the report. Motion out of Committee to file a petition for hearing on cases 15-06 and 15-07 for violation of PAA 1-137 (4) and (8), Title 288 Rules Chapter 5 002 Independence, 004.02 Auditing Standards, 004.05 Other Professional Standards, and 007.01 Acts Discreditable. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #11 carried.
- B. Recommended Cases to Close.** Motion out of Committee to close cases:
 - #14-06** The CPA complied with the Board Order from the July meetings and paid a fine. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #8 carried.
 - #15-02** The complainant met with staff and indicated he wanted to drop his complaint but has been frustrated with the billing practices of CPA firms in the Lincoln area and might address the Board at a future meeting regarding his concerns.

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On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #9 carried.

#15-03 The complainant appreciated the assistance of the Board in working with the CPA firm to provide records and requested the matter be closed.

On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #10 carried.

- C. **Public Hearing for Revocation of Permits not renewed for three years.** Moved by Luth, seconded by Glenn, to revoke the certificates of active permit holders not renewed since 2012.

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|-----------|----------|-------------------|-------------|----|
| BRUMMEL | PHILLIP | BKD LLP | KANSAS CITY | MO |
| | | FIONDELLA, MILONE | | |
| FIONDELLA | JEFFREY | & LASARACINA | GLASTONBURY | CT |
| TWIDWELL | JONATHAN | 8003 LINGLE LN | LENEXA | KS |

On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #24 carried.

- D. **Public Hearing for Revocation of Inactive Registrations not renewed for three years.**

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|-----------|-----------|-----------------------|----------------|----|
| BRUCKMAN | CHARLES | 2821 N OHLMAN | MITCHELL | SD |
| ENGEL | ALLAN | 2905 LUCERNE SE # 200 | GRAND RAPIDS | MI |
| GRAZIER | KEVIN | 6217 S. 79TH CIR. | OMAHA | NE |
| HEIKES | PATRICIA | 529 STRATMORE DRIVE | SHREVEPORT | LA |
| KELSO | JOHN | 6239 POPPLETON | OMAHA | NE |
| LINDELL | JOHN ERIC | 3128 SABA LANE | PORT NECHES | TX |
| MCILLECE | KIMBERLY | 10301 S. 176TH ST | OMAHA | NE |
| PHILLIPS | JOAN | 2011 COYOTE SPUR | GOLDEN | CO |
| SCHABEN | MARK | 135 AIRVIEW DR | SERGEANT BLUFF | IA |
| SCHROEDER | DAVID | 7988 JASMINE LANE | RAPID CITY | SD |
| SMITH | MARK | 8696 DIJON COURT | DAYTON | OH |
| TIWALD | ALYSSA | 12679 ANNE STREET | OMAHA | NE |
| TROWER | JAMES | PO BOX 1516 | SALINA | KS |
| VONDRAK | DANIEL | 10 DEER HAVEN DR. | SIOUX CITY | IA |

Moved by Glenn, seconded by Waltemath, to revoke the certificates of inactive registrants not renewed since 2011. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #23 carried.

- E. **Report on To Do List.** There was no report at this time.

6. Report of Continuing Professional Education (CPE) Committee

- A. **Report of the Committee.** Committee Member McClure gave the report. The Committee reviewed a total of 140 courses from July 7, 2015 to August 24, 2015 with

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140 recommended for Board approval and none denied. Motion out of Committee to recommend Board approval of 140 courses. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #12 carried. Motion out of Committee to forward one reinstatement to the Licensing Committee. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #13 carried.

- B. Ratification of CPE Sponsor.** No CPE sponsor applications were received.
- C. CPE Audit.** No report at this time.
- D. Report on To Do list.** The To Dos are listed in the Committee Report.

7. Report of Education & Exam (E&E) Committee

- A. Report of the Committee.** Committee Chair Glenn gave the report. The Committee was provided the Q2 -2015 Candidate Survey results. Some concern was expressed about slow responses from CPAES. Staff checking to determine if the candidates applied before the revision to the application process. Creighton University and Member Purcell reported Creighton University is excited to launch a CPT Chapter in the fall. The Education Advisory Committee (EAC) meeting has been scheduled for 10:00 am, October 9, 2015, UN-Kearney with Kathy Smith as organizer. Member Stromp was asked to recruit a CPA member to the EAC to replace departing member Dave Emery, CPA. Moved by Luth, seconded by Waltemath, to approve Erin Tracey, CPA, as a member of the EAC. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #14 carried. Member Purcell and staff continue to work on the Board ethics exam implementation with a January 2016 launch date. Moved by Luth, seconded by McClure to approve ED Sweetwood's appointment to the Board of Examiners for a three year term. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #15 carried. Interested Board members and staff will work on a response to the Practice Analysis comments proposed for the 2017 revision of the Uniform CPA exam.
- B. Ratification of CPA Exam Scores.** There were no exam scores at this time.
- C. Report on To Do List.** There was no report at this time.

8. Report of the Legislative Committee

- A. Report on Legislation:** The proposed draft Rule changes in Chapters 3, 4, 8, 9 and new Chapter 13, along with the draft explanatory statement to the Governor were provided to Board members for review and comment. ED Sweetwood gave the update from Board Attorney Gruit and Asst. Attorney General Melson. The drafts are now available to anyone interested in commenting. Once approved, the drafts will be exposed to the public for 30 days for formal comment. A rules hearing at the Capitol will be held 10:00 am, October 23, 2015. Moved by Stromp, seconded by Waltemath,

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to approve Title 288 Rules Chapter 3 revisions for public comment without further substantial changes for October 23, 2015. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #16 carried. Moved by Stromp, seconded by Luth, to approve Title 288 Rules Chapter 4 revisions for public comment without further substantial changes for October 23, 2015. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #17 carried. Moved by Stromp, seconded by Glenn, to approve Title 288 Rules Chapter 8 revisions for public comment without further substantial changes for October 23, 2015. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #18 carried. Moved by Stromp, seconded by Luth, to approve Title 288 Rules Chapter 9 revisions for public comment without further substantial changes for October 23, 2015. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #19 carried. Moved by Stromp, seconded by McClure, to approve Title 288 Rules Chapter 13 for public comment without further substantial changes for October 23, 2015. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #20 carried.

- B. Report on To Do List.** There was no report at this time.

9. Report of Quality Enhancement Program (QEP) Committee

- A. Report of the Committee.** Staff completed the 2015 QEP review process. The QEP Committee meeting has been set for September 16, 2015 to review the responses to the reviewers comments.
- B. Report on To Do List.** There was no report at this time.

10. Report of the Licensing Committee

- A. Report of the Committee.** Committee Chair Druse gave the report.
- B. Licensing Issues.** The Committee discussed three Business, Governmental, Academia (BGA) experience applications. One was held for further clarification. Motion out of Committee to recommend Board approval of permit application for Theresa Smith. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #21 carried. Motion out of Committee to recommend Board approval of permit application for Candace McGee. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #22 carried. The Committee reviewed the use of the word "principal" by a firm that later chose to change the member's title in order to recognize the position in the firm. Two foreign firms were reported as unlicensed but doing attest engagements in Nebraska. Following Board staff inquiry, both firms quickly responded with licensure applications and provided passing

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peer review letters. Moved by Waltemath, seconded by McClure, to return Gary Richards certificate to good standing pending return of signed Stipulation and Consent Order for \$500 and completed inactive registration renewal. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #27 carried. Moved by Luth, seconded by McClure, to waive the \$250 attached to the Stipulation and Consent Order for failure to timely renew Jessica Ward's permit. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #28 carried.

C. Ratification of initial permits to practice issued, certificates issued, firm permits.

Motion out of Committee to recommend Board approval of initial permits to practice issued, certificates issued, firm permits issued from July 15, 2015 to September 1, 2015. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #25 carried.

D. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.

Motion out of Committee to recommend Board approval of the Reinstatements, Inactive Retired Affidavits, and Surrendered Certificates received between July 15 and September 1, 2015:

| | | |
|--------------------------------|----------------------|------------------|
| Reinstatements: | Bradley Thompson | Aurora CO |
| Inactive - Retired affidavits: | Mark Babcock | St. Paul MN |
| | Daniel Costello | Phoenix AZ |
| | Sarah DeRienzo | Lincoln NE |
| | Richard Grover | Omaha NE |
| | Guinevere Kerstetter | San Diego CA |
| | Delmar Lienemann Sr. | Lincoln NE |
| | Mary Sue Mehal | Omaha NE |
| | Bonita Myers | Lincoln NE |
| | Vicki Nycum | Colorado Springs |
| | Joseph Odstrcil | Greeley CO |
| | Mervin Peck | Fremont NE |
| | Robin Richardson | Omaha NE |
| | William Wright | Del Mar CA |
| Surrendered Certificates: | Peter Amster | Milwaukee WI |
| | Matthew Bley | San Antonio TX |
| | Thomas Brown | Glen Ellyn IL |
| | William J. Fleming | Milwaukee WI |
| | Elaine Heaston | Omaha NE |
| | Teresa Jackson | Lakewood WA |
| | Carissa McKinney | San Diego CA |
| | Daniel Scharf | Westminster CO |
| | Matthew Sharp | Shawnee KS |
| | William Watkins III | Memphis TN |
| | Jon Worthington | Zionsville IN |

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On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #26 carried.

- E. **Report on To Do List.** There was no report at this time.

11. Report of Executive Director

- A. **Budget Status Update.** ED Sweetwood previously overviewed under agenda item 3.D
- B. **Outreach Activities.** ED Sweetwood reported he attended the Nebraska Society of CPAs leadership at their August 28, 2015 meeting at Mahoney State Park to update them on Board activities. He also presented September 4, 2015 before UNL accounting students along with several accounting alumni to discuss the CPA examination and the Board.
- C. **Staffing & General Office Issues.** ED Sweetwood reported that administrator Lowe has plans to retire June 30, 2016 and initial meetings with State Personnel have begun to search for her replacement.
- E. **Report on To Do List.** There was no report at this time.

12. New Business

- A. **NASBA Items:**
- 1.) **NASBA:** There were no Committee reports at this time.
 - 2.) **NASBA FYI articles.** Articles were provided to the Board.
- B. **Other Miscellaneous Items: FYI articles.** Articles were provided to the Board.

13. Adjournment

Moved by Glenn, seconded by Druse, to adjourn the meeting at 2:40 p.m. on July 16, 2015. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Glenn, and Waltemath voted aye. Member Purcell was absent. Motion #29 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth